

State of Montana MT PRRIME

Chart of Accounts/Budget Structure Analysis

DRAFT

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I. INTRODUCTION

The purpose of this document is to provide the design for a new Chart of Accounts Code Block Structure and Budget Structure for the State of Montana MT PRRIME project using the PeopleSoft Public Sector Financials software, version 6.0. The design will follow these guiding principles:

- 1) Modify the software as little as possible - Re-engineer business processes to how the software supports a function where it is determined that the software approach is a best practice.
- 2) Fix as many of the problems and limitations in the State's current Code Block Structure as possible.
- 3) Provide a data conversion migration path from the current data structures to the new Code Block and Budget Structures.

II. CHARTFIELDS ANALYSIS OVERVIEW

In PeopleSoft, the data fields that are used on transactions to reference an accounting distribution are called chartfields. Each chartfield is used to define a specific view of financial data. A combination of chartfields defines an account in the PeopleSoft General and Subsidiary ledgers.

For each chartfield, the system contains a table within which valid chartfield values are entered and stored. An unlimited number of unique chartfield values can be stored in each table.

PeopleSoft Public Sector Financials is delivered with certain chartfields already defined. Customization can be performed to change the number of chartfields, the names of the chartfields or the lengths of the chartfields. The table below summarizes the chartfields that may be used by the State of Montana:

Chartfield	Max. Field Size	Format
Business Unit	5	Alphanumeric
Budget Year	4	Numeric
Fund	5	Alphanumeric
Organization	10	Alphanumeric
Program	5	Alphanumeric
Account	6	Alphanumeric
Alternate Account	6	Alphanumeric
Project/Grant	15	Alphanumeric
Sub-Classification	5	Alphanumeric
Statistics Code	3	Alphanumeric

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Business Unit - The General Ledger Business Unit is used to define a financial reporting entity for general ledger reporting purposes. This will be centrally defined and maintained. It is a required field on all transactions. At initial system implementation, a Business Unit will be defined for each agency. Additional general ledger business units can be defined whenever required. The system is delivered configured to balance by Business Unit.

Budget Year - Budget Year differentiates budgetary accounts by budget year. This chartfield will be configured to capture fiscal year. During the budget checking process, the system will validate the transaction date against the beginning and end dates of the Budget Year. Budget Year will be centrally maintained and defined.

Fund - Fund defines self-balancing sets of accounts that record cash and other financial resources, with related liabilities, fund equity, and any corresponding changes. The Fund chartfield is required on all transactions and will be maintained centrally at the state level. The system will be configured to balance by Fund.

Organization - The Organization chartfield identifies the financial management organizational entity associated with a particular financial transaction. This chartfield will be maintained by the individual agencies. Organization is a required chartfield on all revenue and expenditure transactions.

Program - Program will be used to track appropriation year as it relates to current, continuing, and reverted appropriations. This will be a centrally maintained chartfield at the state level, which is required on all budgeted expenditure transactions.

Account - The Account chartfield is used to specify the balance sheet account, expenditure object or revenue object on financial transactions. The table stores an account type identifier that indicates whether the value entered in the Account chartfield is an Asset, Liability, Fund Equity, Expenditure or Revenue type account. Additional account types may be added as necessary. The chartfield values will be centrally defined and maintained at a state level. This is a required field on all transactions.

Alternate Account - This is a new chartfield in version 6.0, and has been developed for use by multi-national organizations that have to capture data at the transaction level for both a statutory chart of accounts level and an analytic account level. PeopleSoft has only provided the underlying architecture for this chartfield; customization is required to add the Alternate Account chartfield and related online processing. The State of Montana will not use this chartfield.

Project/Grant - The Project/Grant chartfield is designed to support establishing both Project and Grant values in the same database table. To distinguish between Project and Grant, a flag is set within the system to identify the value as either Project or Grant. The State of Montana will use either of these concepts along with the related funding source table, based on business requirements, to account for grants and projects. The funding source field is not a chartfield, however it is inferred from the Project chartfield. The Project chartfield is designed to track financial activity, which can cross budget years, funds and departments. Projects can also be

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broken down into specific phases, segments and activities. This is an optional chartfield on transactions.

There is no statewide use identified for the Project/Grant chartfield. Each agency may decide whether to utilize this chartfield and its related budgets to account for various financial activities. The use of the four levels of the Project hierarchy will be determined at the agency/project level. For the purposes of consolidation and preparation of the CAFR, the Project chartfield will be ignored.

Sub-Classification - The Sub-classification chartfield will be used to capture appropriation number. Trees will be required to roll up appropriations to programs and appropriation acts for reporting and budget checking purposes. Sub-Classification will be centrally maintained at state level

Statistics Code - The Statistics Code is used to record statistical amounts of a non-monetary Unit of Measure, which may be used in financial analysis and reporting. When a Statistics Code is used, both monetary and statistical data can be entered on the same line of a transaction. Alternately, statistical accounts may be used. If this method is used, only statistical data can be entered on the transaction line using the statistical account, and a second line would be required to enter a monetary amount. It is an optional field. This chartfield will be defined and maintained at the agency level.

Automated Balancing by Chartfield - The PeopleSoft software supports transaction balancing on one or more Chartfields. The software as delivered is configured to balance by Business Unit. The software will be configured to also balance by Fund.

Combination Editing - The State of Montana may use combination editing to support verifying that only valid combinations of chartfield values are used. Because the State of Montana will be establishing budgets for most transactions, the need for setting up combination editing is diminished because the requirement for most transactions to reference a valid budget will cause de facto combination editing to be performed. The State may also want to make use of Speedcharts and Speedtypes to ensure valid chartfield combinations. These structures are coding reductions, which enable the user to enter many lines of a transaction without having to key them in. The concept is very similar to the Mini-coding structure that Montana uses presently.

The State may want to use combination editing in those instances where the level at which budgets are established is too high to effectively enforce valid chartfield combinations or where the transaction is non-budgeted. Since combination edits are established by setid, typically related to business unit, it is possible for the agencies to maintain their own set of edits according to their business requirements.

The following table reflects the current SBAS chartfields and the corresponding PeopleSoft chartfields.

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PeopleSoft Chartfield	Max. Field Size on PeopleSoft	SBAS Chartfield
Business Unit	5	Agency Number
Budget Year	4	Fiscal Year
Fund	5	Accounting Entity
Account	6	Control Account, Objects of Revenue and Expenditure
Program (Appropriation Year)	5	Appropriation Year Imbedded in Appropriation Number
Sub-Classification	5	Appropriation
Project/Grant	15	Responsibility Center
Organization	10	Responsibility Center

III. BUSINESS UNIT ANALYSIS

A. CURRENT SYSTEM USE

SBAS uses agency number to account for transactions by agency. Agency numbers are assigned to departments and to significant operational units such as special committees. This attribute is used primarily for reporting purposes.

B. NEW SYSTEM USE

MT PRRIME will create a separate business unit for each agency that will utilize the system. For these purposes, agency will be defined as a legal reporting entity. Normally, committees and other significant operational units will be captured with the organization chartfield. Other operational units may be set up as separate business units on a case-by-case basis.

The MT PRRIME system is intended to take advantage of the flexibility inherent in PeopleSoft. Additional consideration was given to security and workflow. Agencies will be allowed to tailor the system to their individual needs to the maximum extent possible. Agencies may determine their own code block structure, budget translation rules, trees, and other business rules without affecting other agencies. Workflow would also be centrally determined if agencies were not segregated by business unit. Some degree of centralization may be necessary to meet legislative requirements and will be determined on a chartfield basis.

One of the concerns with the multiple business unit approach is the use of inter-unit accounting. Agencies frequently engage in financial transactions with one another. Because the system is delivered to balance by business unit, the inter-unit accounting feature must be

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used. The system automatically creates the due to/due from transactions to keep both agencies' books in balance.

Consideration was given to creating a single business unit for the state with agencies being captured as high-level organization values. This approach was rejected because almost all of the business rules in PeopleSoft financials are set by business unit. The use of a single business unit would require that all transactions in the state follow the same rules. These rules include budget translation, reporting trees, summary calendars, and speedcharts. The flexibility mentioned above would not be possible with a single statewide business unit concept. Furthermore, this approach would require the centralized control and implementation of all business rules. A single business unit for the state would eliminate one of the primary benefits of a client-server relational database implementation.

PeopleSoft's automated consolidation capabilities will be required to produce consolidated financial statements.

C. TREE STRUCTURE REQUIREMENTS

A tree will be required for consolidation purposes.

D. RELATED SYSTEM PROCESSING REQUIREMENTS

The use of pre-encumbrances to commit available funds is set by business unit.

E. RE-ENGINEERING OPPORTUNITIES

None noted.

F. ISSUES

- 1) How will multiple business units affect the central processing of AP payments? Can paycycle manager handle multiple business units without manual intervention?

RESOLUTION: PeopleSoft comes delivered with the ability to process payments across business units. It will also consolidate multiple payments to the same vendor into one warrant. This applies so long as the payments are drawn on the same bank. Payment consolidation can occur across business units.

- 2) How will a central purchasing function be supported with multiple business units?

RESOLUTION: A meeting was held with a representative of central purchasing to discuss this issue. We determined that certain requisitions must be routed to the central purchasing department based on item classes and total dollar amounts. However, our discussions also revealed that there are no fixed rules for which requisitions go to central purchasing. The decision is made by personnel in the agency with guidance from legislation and State policies. A potential solution is to establish a State

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Purchasing business unit, which all agencies would use when creating requisitions that the Purchasing Bureau will process.

- 3) Can workflow processes be implemented across multiple business units?

RESOLUTION: Workflow can be implemented across multiple business units with the delivered workflow product.

- 4) How will revenue collections by central collection agencies be handled? One option is to record the revenue to the destination agency as collected. The other option is for the collecting agency to record the asset and corresponding liability to an "agency fund". The asset and liability amounts would be relieved when the funds were transferred to the destination agency.

RESOLUTION: The collecting agency will credit the revenue and the cash to the destination agency at the time of collection. If the disposition of the revenue is not known at fiscal year end, then the transaction must be handled through an agency fund on the collection agency's books.

- 5) How will multiple business units relate to the Human Resource Management System single company concept to facilitate central payroll process?

RESOLUTION: The main issue with the single company/ multiple business unit concept is how to populate the business unit field on transactions from payroll. In order to accomplish this, a centrally maintained table will be created that will relate the organization value to a business unit. It may be necessary to reserve 2 of the 10 characters in the Organization chartfield to identify the related business unit. A new process will be created to run after the HR/GL interface that will populate the journal transactions with the correct business unit using the newly created table mentioned above. The project team and PeopleSoft have accepted the conceptual design of this process.

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IV. FUND ANALYSIS

A. CURRENT SYSTEM USE

Montana currently uses a concept called accounting entity. Accounting entity is synonymous with fund in that it represents a balanced set of books. Currently, all accounting entities are mapped to GAAP funds and fund types.

B. NEW SYSTEM USE

In the new system, Fund will be a Chartfield, which identifies a self-balancing set of accounts (meaning that complete financial statements can be produced by Fund). A complete set of balance sheet accounts, expenditure accounts and revenue accounts will be maintained for each Fund value. Fund will be coded on all transactions. Tree structures will be used to establish hierarchical relationships on the Fund Chartfield. The Fund chartfield will be maintained centrally at the state level.

C. TREE STRUCTURE REQUIREMENTS

A GASB reporting tree structure will be required to group Fund values into Fund Types and Fund Groups.

D. RELATED SYSTEM PROCESSING REQUIREMENTS

Appropriation budget, Organization budget and Revenue Estimate budget controls are set by fund.

E. RE-ENGINEERING OPPORTUNITIES:

None noted.

F. ISSUES

None noted.

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V. ORGANIZATION ANALYSIS

A. CURRENT SYSTEM USE

The State of Montana currently uses responsibility centers to record organizational data. Responsibility centers are very low level organizations, which include funding and program attributes in addition to organization attributes. Responsibility centers are defined and maintained by the agencies and are mapped to Reporting Centers.

B. NEW SYSTEM USE

The new financial system will have an Organization Chartfield that captures a financial management view of Organization. The fund concept will be recorded in another chartfield. The program concept will be captured as a branch of the Organization and Subclassification chartfield trees. The Organization chartfield and its related tree structures will be maintained by the agencies.

C. TREE STRUCTURE REQUIREMENTS

Each agency will set up a tree that captures the program and, likely, a second tree that captures the organization chart. These will be a reporting trees. Other trees will be set up as needed.

D. RELATED SYSTEM PROCESSING REQUIREMENTS

Budget translation rules are determined at the organizational level within a Setid.

E. RE-ENGINEERING OPPORTUNITIES

The State of Montana will require a link between the program and the Organization chartfield.

F. ISSUES

- 1) Should higher level Organization values be available for use in financial transactions?
There are budget checking and financial reporting implications to this issue.

RESOLUTION: This decision will be left to the individual agencies. There is a statewide requirement that transactions be entered at a low enough level of detail to go through budget checking via budget translation trees.

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VI. PROGRAM ANALYSIS

A. CURRENT SYSTEM USE

The State of Montana currently has a concept called Program. It is a high level description of a service provided or function performed by an agency. Programs are then divided into appropriations for the purposes of budgetary control. This relationship indicates that the Program concept should be captured in a tree relationship as a higher level of the sub-classification chartfield.

There is also a year concept, which relates to appropriations. Each appropriation can have its own time span when expenditures are allowed. It is important to segregate transactions by appropriation year on transactions for reporting and budgetary control purposes.

B. NEW SYSTEM USE

The Program chartfield in PeopleSoft is intended to capture financial activities which cross appropriations and organizations. The State of Montana will use this chartfield to record the appropriation year associated with each transaction. Appropriation year is defined as the first year of an appropriation.

This will allow the users to code the appropriation year on a transaction independent of the budget year concept used for budget checking. One of the edits in the budget checking module is the comparison of the accounting date against the time span of the budget year coded on the accounting distribution line. If the accounting date falls outside of the budget year time span, then the transaction will fail budget checking. This creates an issue in that some appropriations, and therefore appropriation budgets, can last 10 years or more. Most other appropriations are only valid for a current year plus one reverted year. With a single budget year concept, it is impossible to define the budget year time span, which will satisfy both requirements.

Analysis indicates that budget year is an inappropriate chartfield with which to capture appropriation year. The MT PRRIME system will use the program chartfield to capture this concept instead. The user will code the budget year (which corresponds to fiscal year) and program (appropriation year) on each expenditure transaction. Since there is no date edit on the program chartfield, an appropriation year can be coded for any valid year. The Program chartfield will be a key on the appropriation budget to prevent invalid or expired appropriation/appropriation year combinations from passing budget check.

C. TREE STRUCTURE REQUIREMENTS

None noted.

D. RELATED SYSTEM PROCESSING REQUIREMENTS

None noted.

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E. RE-ENGINEERING OPPORTUNITIES

Capture the State of Montana program concept in a tree as a higher level of Sub-Classification (appropriation). This will prevent redundancy in the chart of accounts.

F. ISSUES

None noted.

VII. ACCOUNT ANALYSIS

A. CURRENT SYSTEM USE

Currently, the State has several different concepts for recording account information: Control accounts, expenditure objects, revenue objects, and revenue classification. Control accounts capture balance sheet and budgetary accounts and are maintained centrally. Expenditure objects are maintained centrally. Revenue objects are created and used by the agencies to capture detailed revenue transactions. All revenue objects must relate to centrally maintained revenue classifications.

B. NEW SYSTEM USE

In the new system, the Account Chartfield will be used to specify the balance sheet account or operating account (expenditure or revenue) for each financial transaction. The table stores an account type identifier that indicates whether the value entered in the Account Chartfield is an Asset, Liability, Fund Equity, Expenditure or Revenue type account. The Chartfield values will be centrally defined and maintained. This is a required field on all transactions.

The account chartfield is intended to be a central table of values, which is used by all of the agencies. With Department of Administration approval, a separate set of account values may be established for an agency. It is important to recognize that this will potentially create redundancy in the account table. Another concern is that inter-unit accounting will be affected when the two agencies have different account values.

C. TREE STRUCTURE REQUIREMENTS

Two trees will be required - a GAAP governmental funds tree and a GAAP proprietary funds tree.

D. RELATED SYSTEM PROCESSING REQUIREMENTS

On financial transactions, the available chartfield values are determined by the user's business unit. When a transaction is entered, the user is prompted for Business Unit, date, and transaction number. The business unit that is entered will determine which account and other

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chartfield values are available for that transaction. This has implications for inter-unit accounting since both sides of the entry are controlled by the business unit.

E. RE-ENGINEERING OPPORTUNITIES

Centrally control the creation and maintenance of all account values at state level.

F. ISSUES

- 1) How will approvals be established for inter-unit accounting entries? Both agencies should approve the entry before it is allowed to post in either set of books. Perhaps a workflow process can be developed using virtual approver.

RESOLUTION: We have identified the need to modify the delivered inter-unit accounting functionality to provide for the separate entry and approval of transactions by both agencies involved.

- 2) How will the system handle subsidiary detail ledger information? An example is accounts payable and receivable from local governments. Detail tracking is required for these amounts.

RESOLUTION: Where ever possible, payables, receivables, and purchasing information should be captured in the appropriate PeopleSoft modules. This provides the greatest level of functionality for reporting and processing. In the case of accounts payable, the AP module is the only way to cut a check from the system.

There may be rare cases where the open item accounting feature is used for receivable and payable transactions. An example is travel advances to employees. Open item accounts may be established to prompt from any table in the system such as the employee table. Every travel advance transaction would require the user to specify an associated employee id. Balances are maintained in the system by employee id. Users should be aware that the open item accounting approach has limited utility due to the lack of reporting and associated processing.

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VIII. PROJECT/GRANT AND FUNDING SOURCE ANALYSIS

A. CURRENT SYSTEM USE

The State of Montana currently accounts for funding sources and grants within their responsibility centers. Logical organizational units are broken into smaller units depending on the grant or funding source that they are related to. Long term projects and grants are also accounted for using the continuing appropriation concept. Hierarchical relationships are established by creating reporting centers to aggregate several responsibility centers.

B. NEW SYSTEM USE

The Project/Grant chartfield is designed to support establishing both Project and Grant values in the same database table. To distinguish between Project and Grant, a flag is set within the system to identify the value as either Project or Grant. MT PRRIME may use either the Project or grant capabilities along with the related funding source table to perform both project and grant accounting. The funding source field is not a chartfield, however it is inferred from the Project chartfield. The Project chartfield is designed to track financial activity, which can cross budget years, funds and departments. Projects can also be broken down into specific segments, phases, and activities. This is an optional chartfield on transactions.

When used, the Project hierarchy will be set up by the agencies. Key decisions will include whether to budget, at what level to budget, and whether to use the funding source table. The following principals will reduce chartfield and budget maintenance to the maximum extent possible:

- 1) Establish as few levels in the project hierarchy as possible.
- 2) Budget at the highest level in the hierarchy that will meet business requirements.

Agencies will also have to decide whether to use the grant functionality or not. Establishing Grant values enables an agency to record how they spend grant funds. The Grant chartfield does not have a hierarchical structure. The Project functionality should be used when there is a need for hierarchical reporting and budgetary control.

For the purposes of statewide financial statement preparation, the Project/Grant chartfield will not be consolidated.

C. TREE STRUCTURE REQUIREMENTS

Trees will be established by the agencies as needed.

D. RELATED SYSTEM PROCESSING REQUIREMENTS

None noted.

E. RE-ENGINEERING OPPORTUNITIES

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The use of the project hierarchy may replace a current Montana system for capital projects accounting.

F. ISSUES

None noted.

IX. SUB-CLASSIFICATION ANALYSIS

A. CURRENT SYSTEM USE

The State of Montana currently establishes appropriation numbers to facilitate budgetary control.

B. NEW SYSTEM USE

The Sub-classification chartfield will be used to capture appropriation number. Trees will be required to roll up appropriations to appropriation acts and to programs. Sub-Classification will be maintained at the statewide level.

C. TREE STRUCTURE REQUIREMENTS

- Appropriation Act tree: Level 1- All Appropriations, Level 2 - Appropriation Acts, Level 3 - Appropriation Number.
- Program tree: Level 1- All Appropriations, Level 2 - CAFR Function, Level 3 - Program Number, Level 4 - Sub-Program, Level 5 - Appropriation Number.

D. RELATED SYSTEM PROCESSING REQUIREMENTS

Sub-classification is a required field for appropriation budgets.

E. RE-ENGINEERING OPPORTUNITIES

None noted.

F. ISSUES

- 1) How will appropriations be linked to revenue estimates? At a minimum, reporting must be developed to ensure revenue estimates equal appropriations for appropriated funds.

RESOLUTION: Further investigation indicates that this is not an issue. There is a linkage within the system between revenue estimates and appropriations. This linkage allows the user to specify how the appropriations budgets are affected by revenue transactions. For example an appropriation may be linked to a revenue estimate with

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the condition that the original appropriation may be spent up to the original budget amount or the collected amount, whichever is greater. There are a number of other conditions, which may be applied to this linkage. At this time, there is no statewide requirement for this type of linkage.

- 2) How will non-budgeted transactions be handled since there is no appropriation associated with these transactions?

RESOLUTION: Appropriation, Organization, and Revenue Estimate budgets are independently controlled by fund. Non-appropriated activity can be segregated by fund so as to avoid budget checking. There are several types of unbudgeted transactions which are properly recorded in a budgeted fund. Examples of these transactions include depreciation, compensated absences, and operating transfers. A new account type will be set up with the Carry Forward and Budgetary Control flags set to "No". Non budgeted account values will be set up and pointed to this account type. The budget checking module will not process transactions where the account value is associated with the new account type. Non-budgeted revenue and expenditure activity will be captured by program for CAFR reporting purposes through the Organization tree.

- 3) How will the system support cash management as it relates to legislative requirements. Currently, legislation mandates that no fund has negative cash balances for a period greater than 7 days.

RESOLUTION: PeopleSoft does not have any cash balance edits. The solutions then are to develop an automated cash edit or to develop reporting and internal controls. The second alternative is preferable due to the low frequency of violations and the variability of the cash control requirements. Fund cash balances may be monitored daily by the Department of Administration to ensure that negative balances do not persist. Furthermore, responsibility for negative cash balances can be partially delegated to the agencies to monitor. If a fund remains negative for 7 days, the Department of Administration will stop the running of all warrants for that business unit.

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X. BUDGET STRUCTURES ANALYSIS

A. CURRENT SYSTEM USE

The State of Montana currently has four levels of budgetary control. The first is the legislative appropriation. This is the way that the legislature appropriates money to be spent by the various agencies. Legislative appropriations are keyed by Agency, Program, Fund, and Year. These amounts are controlled.

The second budgetary level is the appropriation budget. This is established by the Office of Budget Program and Planning and is the highest practical level of budgetary control. This budget is keyed by Agency, Appropriation number, Accounting Entity, Year, Control Account and, optionally, first, second, or third-level expenditure object.

The third level of budgetary control is the Operating Plan. The operating plan is a detailed budget which specifies, by source of authority, the amounts to be spent by first-level expenditure object. The Operating Plan is keyed by Agency, Program, first-level object, and Year. This budget is not controlled but requires approval for changes beyond a certain amount. Agencies use the Operating Plan to develop more detailed organization budgets.

Organization budgets are the lowest level of budgetary control. They are keyed by Agency, Organization, Appropriation, first, second, or third-level object, and Year. These budgets are developed and managed by the individual agencies.

B. NEW SYSTEM USE

The State of Montana will use Legacy Solutions budget system for budget preparation. Maintenance will occur on the PeopleSoft GL module. Appropriation data will be loaded from Legacy Solutions to the PeopleSoft GL and PeopleSoft actual data will be loaded to Legacy.

The State of Montana plans to use four of the five budget structures that come delivered with the software. These structures are:

- 1) Appropriation Budget
- 2) Organization Budget
- 3) Revenue Estimate
- 4) Project Budget

Revenue estimate budget records may be linked with Appropriation Budget records for appropriation control purposes as required.

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C. DETAILED BUDGET STRUCTURE ANALYSIS

Revenue Estimate: The Revenue Estimate will be used to budget revenues. Use of the system's capability to allot Revenue Estimates by time period will be optional. Revenue estimate budgets are required for all budgeted funds.

Revenue Estimate Key: BU, BY, Fund, and Account.

Translation Requirements: Account must be defined at a level no higher than revenue class. Agencies will have the option of defining the account value at a lower level. Other keys may be added by each agency with the understanding that all revenue estimates will contain these keys. Revenue Estimate budgets are defined by Fund.

Appropriation Budget: The Appropriation Budget structure is the highest budget level that will be used for setting up expenditure budgets in the new system. Use of Appropriation Budget controls and Organization Budget controls are defined by Fund.

Appropriation Key: BU, BY, Sub-Classification, Fund, and Program.

Translation Requirements: Sub-Classification will be defined at the detail level. No translations will be required for the appropriation budget.

Organization Budget: The Organization Budget is an expenditure budget structure that will be used to break down Appropriation Budgets to a lower level of detail. MT PRRIME will use this budget structure to capture both the operating plan and organization budget levels by combining the keys to these structures.

Use of the time period allotment capabilities of the Organization Budget will be optional. Organization budget usage is defined by Fund.

Organization Key: BU, BY, Organization, Sub-classification, and Account.

Translation Requirements: Sub-classification will be translated to the program /spending authority level. Account will be translated to a level no higher than "level 1" expenditure objects.

Project Budget: The Project Budget is an expenditure budget structure that will be used to track expenditures related to grants and projects. The Project budget is defined at the project chartfield level. For each project, the user must decide whether to budget and at what level of the project hierarchy the budget will be maintained.

The use of the project budget is optional and will be left to the agencies to decide. There is no statewide definition for the project budget key structure. It is important to note that decisions related to the project budget key structure apply to the entire business unit.

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Grant Budget: The grant budget structure is used to track grant expenditures where the business unit is the grantee or grantor and where the grant has fairly simple reporting requirements.

The use of the grant budget is optional and will be left to the agencies to decide. There is no statewide definition for the grant budget key structure. It is important to note that key structure decisions apply to the entire business unit.

D. BUDGET TRANSLATION TREES

Budget translation trees will be used in cases where an agency wishes to control or track budgets at a higher chartfield level. Several translation trees have been identified:

Sub-Classification: Level 1 = ZZZZ, Level 2 = Program/Spending Authority, Level 3 = Chartfield detail values

Account: Level 1 = ZZZZ, Level 2 = level 1 expenditure objects/high level revenue class, Level 3 = level 2 expenditure objects/revenue class, Level 4 = detail expenditure and revenue values

Fund: Level 1 = ZZZZ, Level 2 = detail fund values

Organization: Level 1 = ZZZZ, Level 2 = detail organization values

Program: Level 1 = ZZZZ, Level 2 = detail program values

E. ISSUES

- 1) Does MT PRRIME need to automatically lapse/carry forward budgets at year-end? This is not currently an automated function in PeopleSoft.

RESOLUTION: A modification would be required to facilitate the roll-forward of appropriation budgets at the end of each fiscal year. This modification must be flexible enough to handle the reverted and continuing appropriations properly. It must also be able to be run iteratively.

- 2) How will the state handle the Pay Plan requirements?

RESOLUTION: The requirement is that the agencies be able to show that their appropriation and organization budgets were increased appropriately to reflect the pay plan increase. The increase will be created by entering additional appropriation and organization budget transactions. These budget transactions will carry a description, which indicate that the transactions are related to the pay plan increase. Individual budget transactions can be displayed via online inquiries or reporting.

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Can trees be loaded in an automated fashion?

RESOLUTION: Trees were loaded using SQA Robot at Virginia DOT. Scripts must be developed and the source flat file must be defined in order for this approach to work.

- 4) How will the State handle access to chartfields across business units. A user may currently access any valid appropriation value because the underlying table is centrally maintained.

RESOLUTION: There is no way to limit access to shared chartfield values when the F4 prompt is used. Control can be established with the implementation of SpeedCharts. SpeedCharts allow the user to build one or more accounting distribution lines without having to enter all of the chartfield values. Extensive use of speedcharts will help to ensure that appropriate chartfield values and chartfield combinations are being entered. A further control is established through budget checking. If a budget line that corresponds to the accounting distribution line is not found, the transaction will fail budget checking. This helps to ensure that transactions with incorrect chartfield values or combinations will not be posted to the ledgers.

Speedcharts are established and controlled by business unit.

- 5) Who will maintain the revenue estimate budgets?

RESOLUTION: Revenue estimates will be maintained by the receiving agencies.

- 6) How will MT PRRIME ensure that the sum of the organization budgets does not exceed the related appropriation budget?

RESOLUTION: There are two alternatives. The first is to develop reporting which compares the sum of the organization budgets to the sum of the appropriation budgets. This will enable financial managers to ensure that appropriations have not been over-allocated to the organization level.

A second alternative is to link each organization budget line to an existing appropriation budget line. This will absolutely prevent the over-allocation of appropriation budgets. It is important to note that the system does not require that this linkage be established or maintained. Another concern with this approach is that it will increase the complexity of budget preparation. An example of this is where a single organization budget line is associated with more than one appropriation. In this case, an organization budget line must be established for every related appropriation budget. Once established, the organization budgets will behave as if they were a single budget line. This complexity will be an issue during budget preparation and whenever there are budget changes.

The best approach may be a combination of both of these strategies to prevent the over-allocation of appropriation budgets to organization budgets.

State of Montana MT PRRIME

Chart of Accounts/Budget Structure Analysis

DRAFT

XI. POTENTIAL CHARTFIELD/BUDGET STRUCTURE MODIFICATIONS

- 1) Add appropriation type to the appropriation chartfield record. Valid values will be Continuing, Current, and Reverted. This field will be used for reporting purposes and will also facilitate an automated budget roll-forward.
- 2) Develop an automated budget roll-forward process.
- 3) Create a batch process for creating trees from spreadsheets or other non-PeopleSoft data.
- 4) Create a table to maintain organization budget amounts at the legislative intent level. This table will be effective dated and will have panel access. The purpose of the table is to provide reporting to ensure that legislative intent is met.